4 7860-1

May 1986
Vol. 41 No. 500

BUSINESS IN NEBRASKA

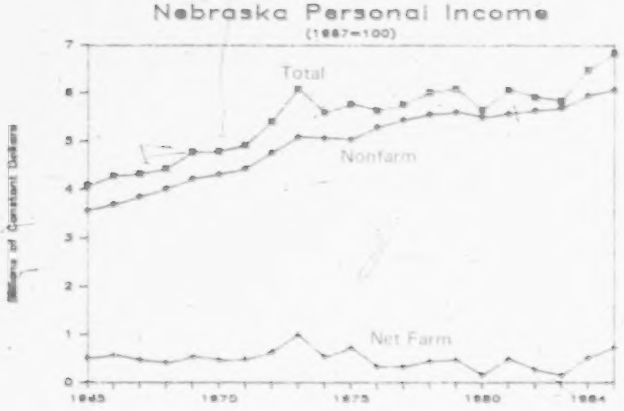
Prepared by the Bureau of Business Research, 200 College of Business Administration, University of Nebraska, Lincoln, NE 68588-0406, 402/472-2334

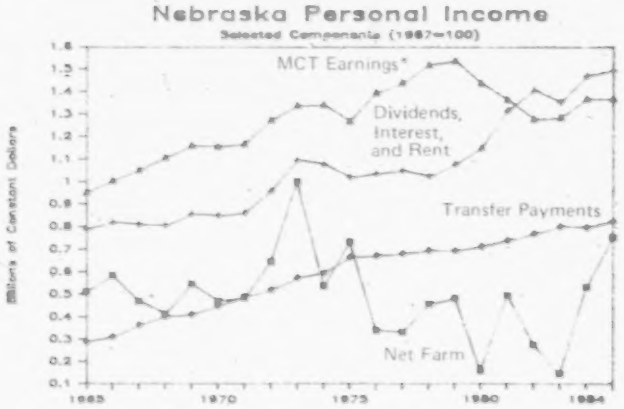
NEBRASKA COUNTY PERSONAL INCOME 1965-1984

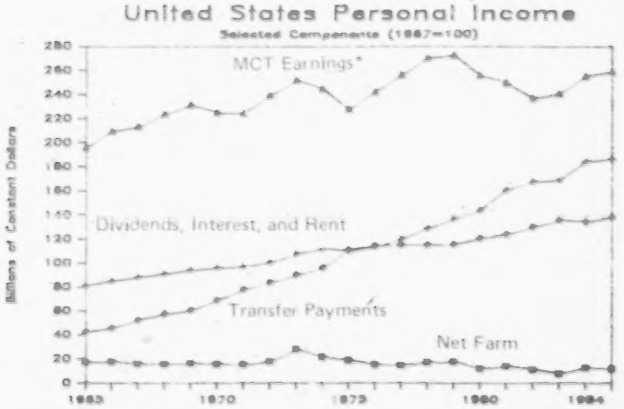
Each April the Bureau of Economic Analysis of the U.S. Department of Commerce releases personal income information for counties. Following is a review of some trends in income between 1965 and 1984 for the state, its metropolitan and non-metropolitan areas, and twelve of the state's largest counties. (These counties account for almost two-thirds of the state's income.)-Space limitations prevent the inclusion of all counties, but other counties are available upon request.

Personal income is income before taxes and consists of earnings (labor and proprietors' income); dividends, interest, and rent; and transfer payments (such as social security). Earnings are divided further into major industries such as farming, construction, manufacturing, etc. Data for counties are available only through 1984, but for illustrative purposes estimates for 1985 were derived based on the state total.

In reviewing the charts on this and the following pages, several general trends emerge. First, total personal income has shown moderate growth since 1965. Inflation-adjusted personal income grew without exception between 1983 and 1984; for most areas in this report, 1984's income was higher than any preceding year. Two conditions have led to lower growth of personal income in the last of the 1970s and 1980s. High levels of agricultural exports and prices in the early 1970s and their subsequent drop in later years led to a sharp peak in personal income in 1973. In



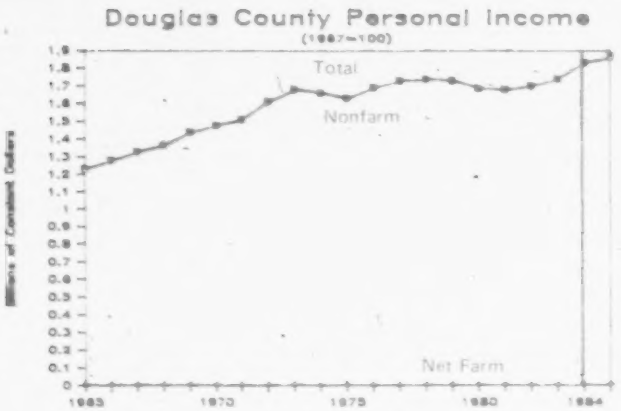


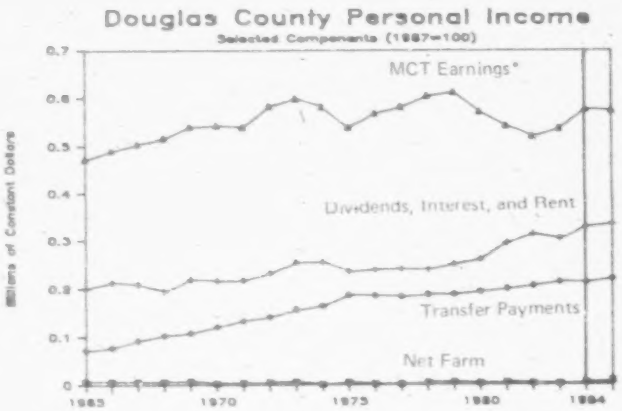


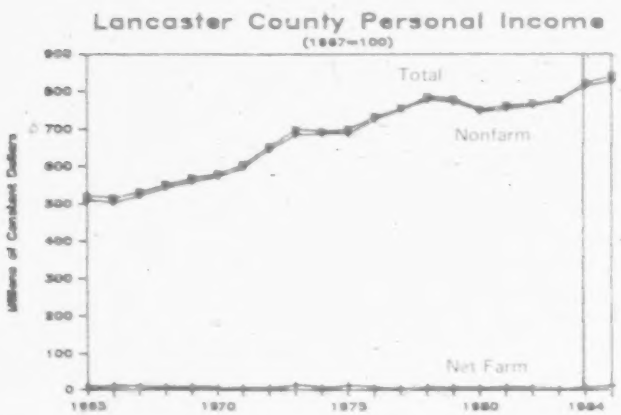
*Manufacturing, Construction, and Transportation and Public Utilities. 1985 values for counties are estimates based on state totals. Unpublished data from the Regional Economic Information System, U.S. Bureau of Economic Analysis.

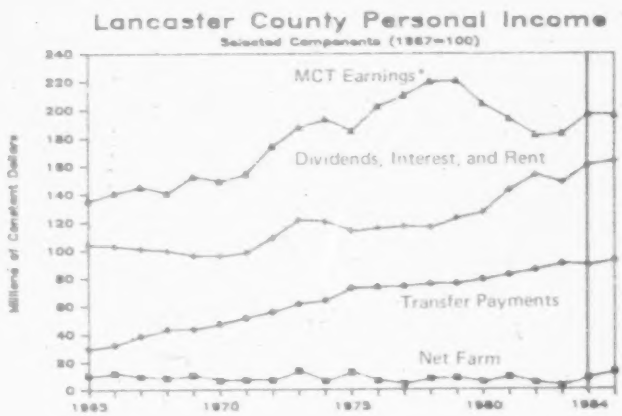
addition, earnings from some of the basic industries of manufacturing, construction, and transportation and public utilities (MCT) peaked in 1979, declined for several years, and have yet to match their 1979 peak. It is important to remember that because of the relatively small size of Nebraska's counties, these changes produced exceptional boom years for many Nebraska counties. Any comparison of subsequent years to an exceptional peak is apt to be misleading because conditions leading to those peaks are unpredictable and impossible to control.

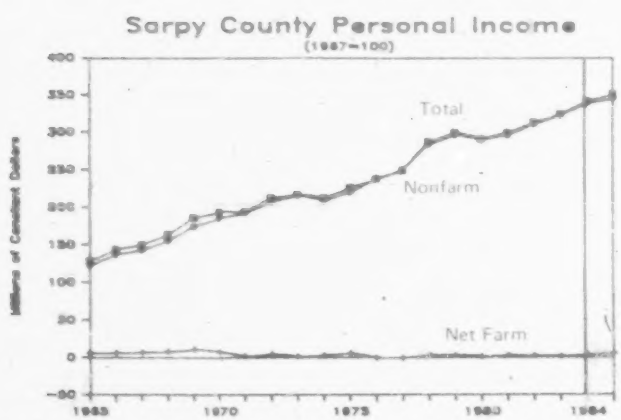
Between 1965 and 1984, Nebraska's inflation-adjusted personal income grew *2.5 percent* per year, compared to the national average of *2.9 percent*. For the state's metropolitan areas, total income was up 2.5 percent per year. The nonmetropolitan counties recorded a 2.4 percent annual growth in total personal income. Of the twelve counties reviewed, Sarpy had the largest inflation-adjusted increase in total personal income, averaging 5.3 percent per year between 1965 and 1984. The yearly adjusted increases of the remaining counties were Buffalo, 4.0 percent; Madison, 3.2 percent; Hall, 3.1 percent; Lincoln, 3.1 percent; Platte, 2.5 percent; Box Butte, 2.4 percent; Lancaster, 2.4 per-

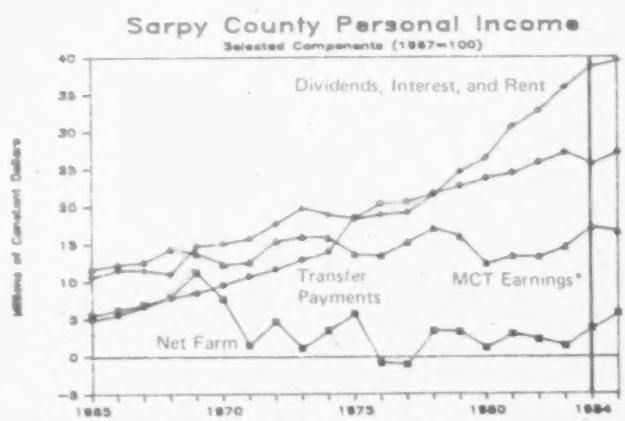








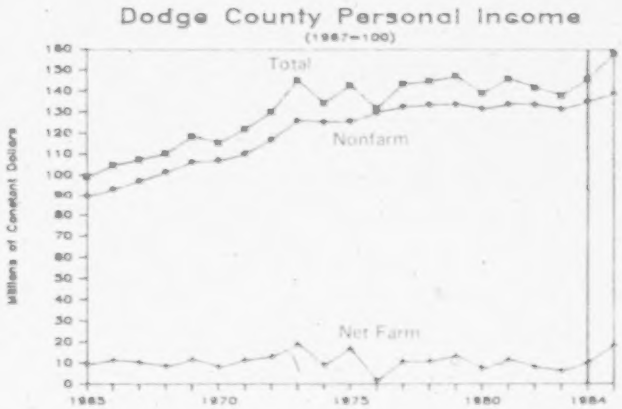


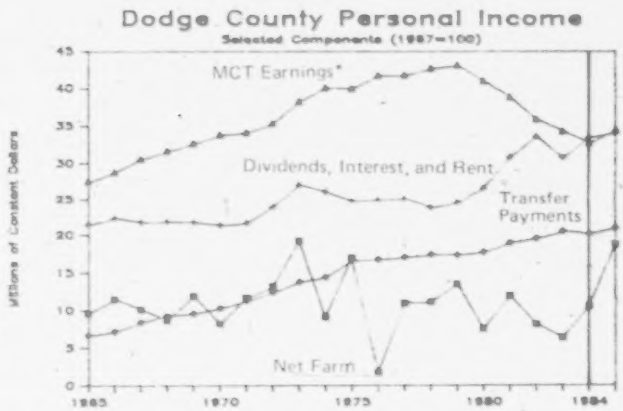


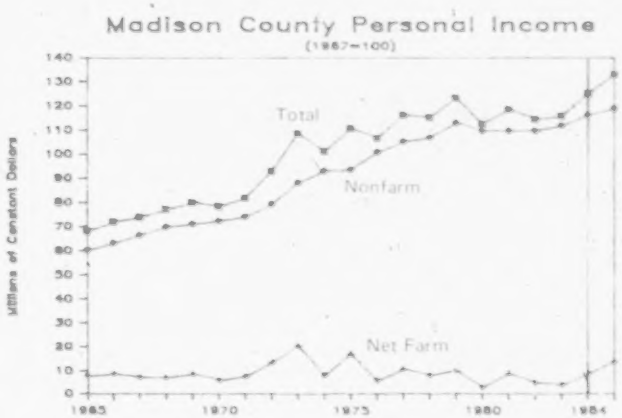
cent; Scotts Bluff, 2.1 percent; Douglas, 2.1 percent; Dodge, 2.0 percent; and Adams, 2.0 percent.

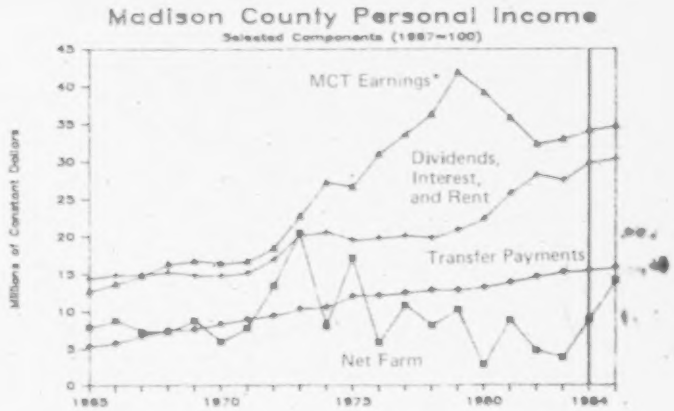
Another general trend is that nonfarm income has grown steadily with few interruptions since 1965. Net farm income has added sharp year-to-year fluctuations to total personal income, while nonfarm income has added an underlying strength that, for the most part, follows U.S. trends. Nonfarm income was up an average of 2.7 percent for Nebraska and 3.0 percent for the U.S. between 1965 and 1984. For the state's metropolitan counties, nonfarm income was up 2.5 percent per year. The nonmetropolitan counties recorded a 2.9 percent annual increase in nonfarm income. Sarpy County recorded the highest inflation-adjusted growth in nonfarm income, with an average of 5.5 percent per year. The other growth rates were Buffalo, 4.5 percent; Madison, 3.5 percent; Hall, 3.4 percent; Lincoln, 3.2 percent; Box Butte, 3.2 percent; Scotts Bluff, 2.8 percent; Platte, 2.7 percent; Lancaster, 2.5 percent; Dodge, 2.2 percent; Douglas, 2.1 percent; and Adams, 2.1 percent.

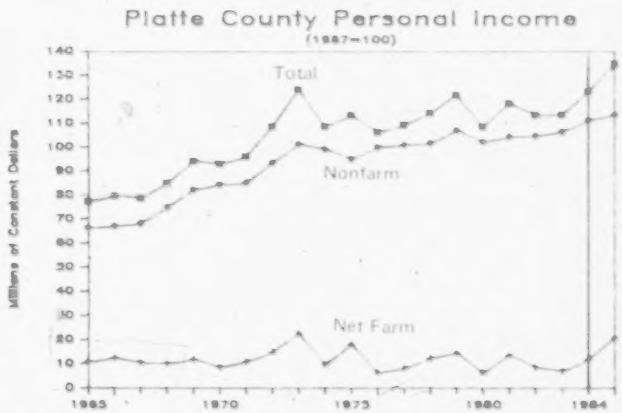
Net farm income has been subject to sizeable year-to-year fluctuations, but there appears to have been a general decline in

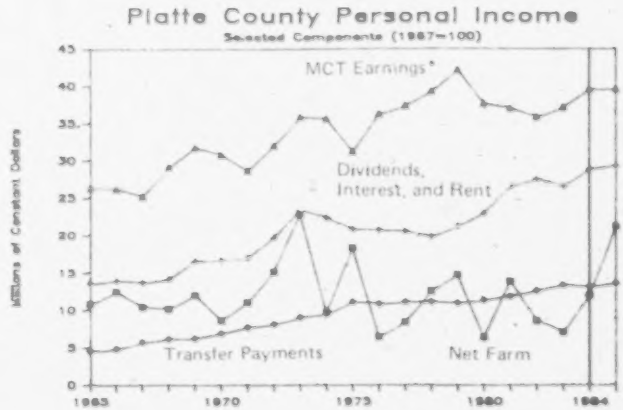






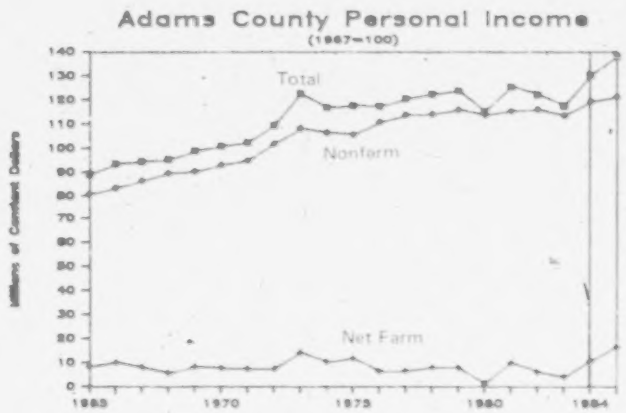


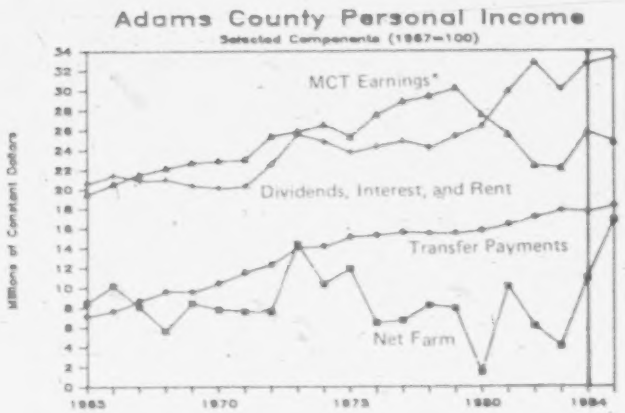


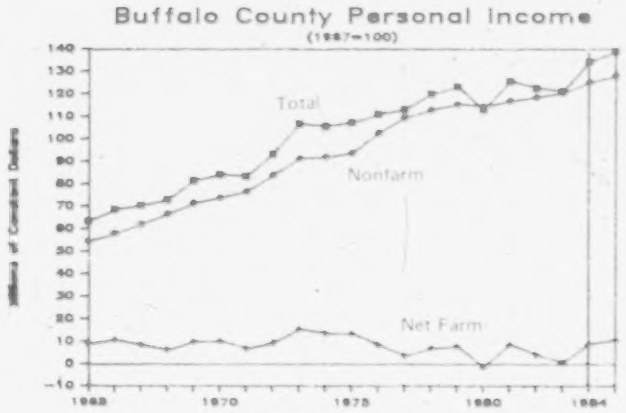


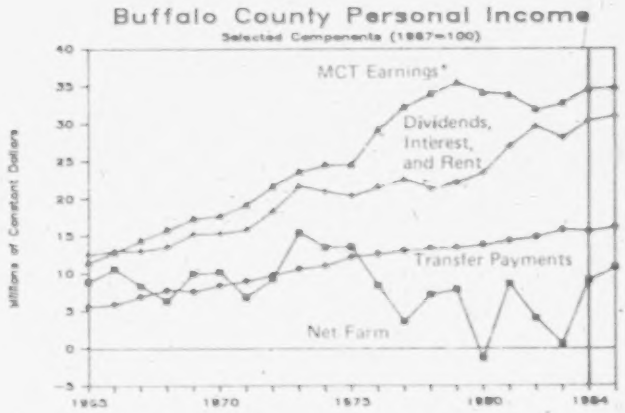
net farm income. Incomes in the 1980s have been below most other years and well below the levels of the early 1970s. In addition, net farm income has declined in relative importance. Because of high production and PIK payments, however, net farm income in 1984 for most counties is comparable to incomes in the late 1960s.

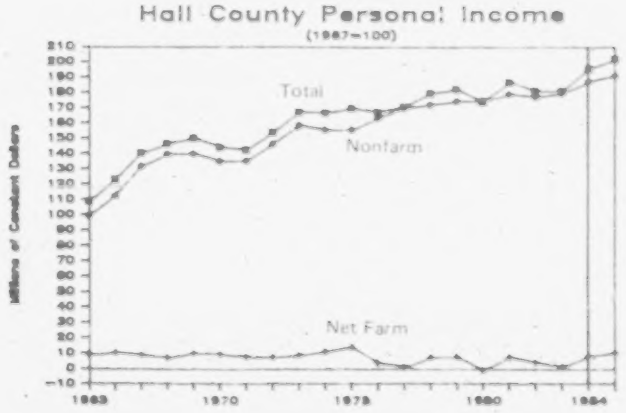
The two sources of income that have grown most rapidly since 1965 are dividends, interest, and rent (DIR) and transfer payments. (Transfer payments consist primarily of retirement benefits such as social security, railroad retirement, and veterans' pensions; but also include unemployment insurance payments and public assistance.) At the state level, DIR grew at an inflation-adjusted rate of 3.3 percent per year between 1965 and 1984. During this same period, transfer payments averaged a 5.5 percent annual increase. During the 1980s, however, DIR has grown more rapidly and is a major reason why total income has grown in spite of declines in manufacturing, construction, and transportation and lower net farm income. In most counties, DIR and transfer payments now exceed net farm income and, in many, DIR exceeds earnings from the sum of manufacturing, construction,

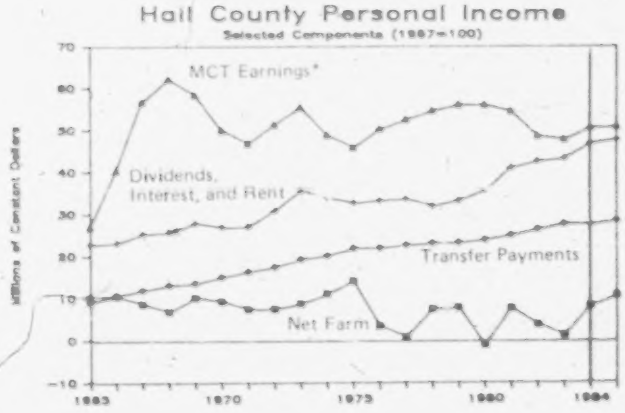






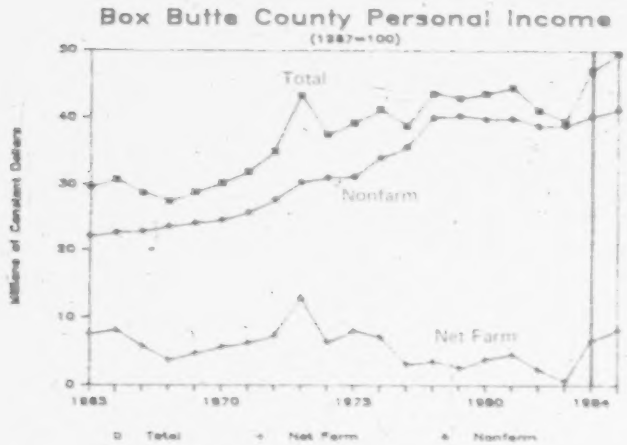


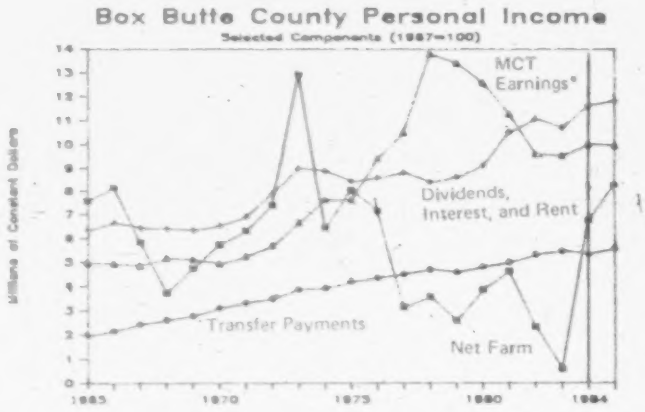


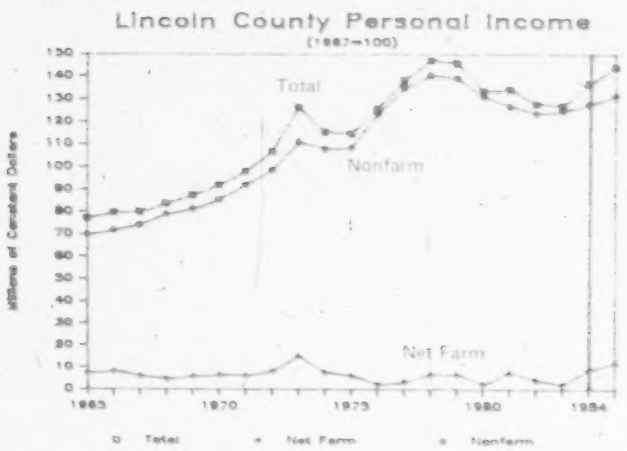


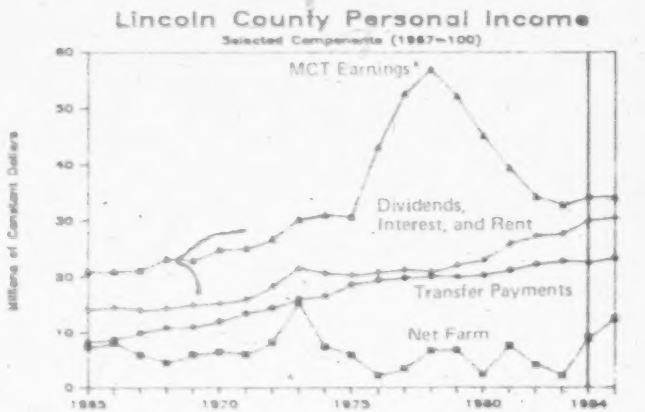
and transportation.

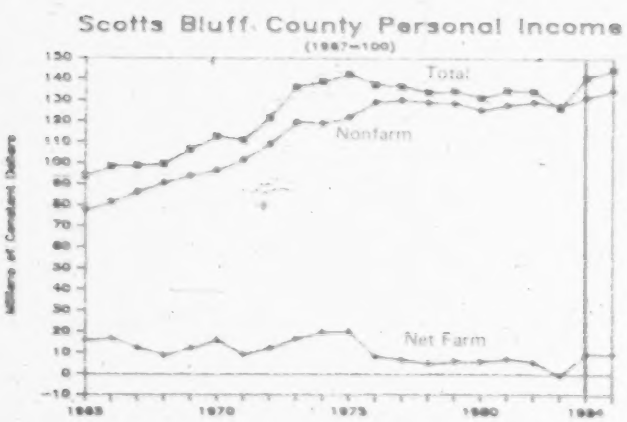
Earnings from manufacturing, construction, and transporation have grown more rapidly for Nebraska between 1965 and 1984 than for the nation as a whole: 1.9 percent compared to 1.4 percent. In addition, MCT earnings in nonmetropolitan counties grew at 2.8 percent, while they were up half that rate (1.4 percent) in metropolitan counties. The growth in nonmetropolitan counties occurred primarily during the 1970s as manufacturing decentralized and moved into nonmetropolitan areas. The railroads expanded rapidly between 1975 and 1978, especially affecting Box Butte and Lincoln Counties. At the same time, a number of power plants were built throughout the state, with two major plants in Lincoln County. With completion of the construction projects and a slowdown in transportation and manufacturing sectors, MCT earnings peaked in 1979 and declined for several years. Although these earnings have turned around, they remain below 1979 levels. Nonmetropolitan counties have been affected by this decline more than metropolitan counties, with Lincoln and Box Butte Counties especially hard hit.

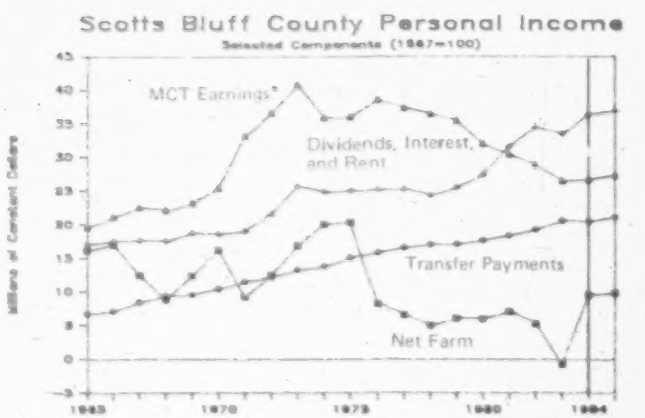








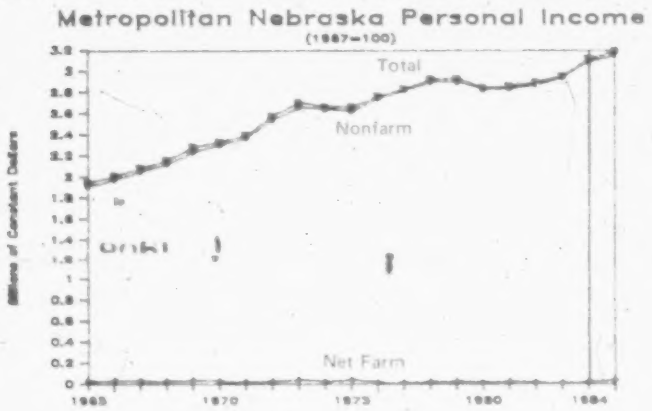


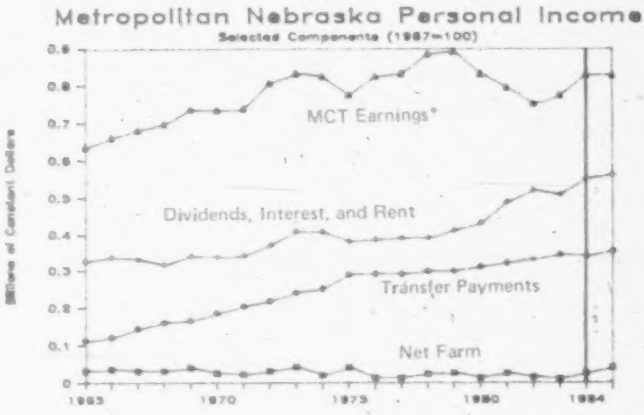


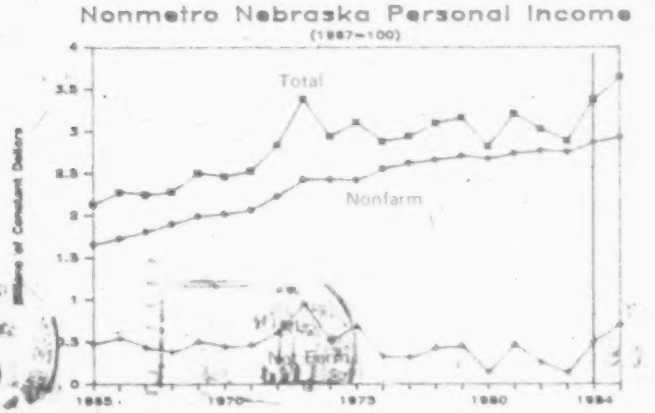
Between 1965 and 1984, inflation-adjusted MCT earnings grew most rapidly in Buffalo County, averaging an annual increase of 6.0 percent. Growth rates for the remaining counties were Madison, 5.3 percent; Box Butte, 3.8 percent; Hall, 3.4 percent; Lincoln, 2.6 percent; Platte, 2.1 percent; Sarpy, 2.0 percent; Lancaster, 2.0 percent; Scotts Bluff, 1.6 percent, Adams, 1.5 percent; Douglas, 1.1 percent; and Dodge, 0.9 percent.

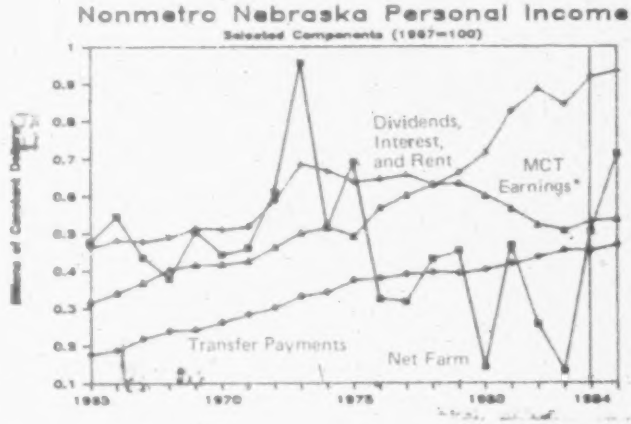
To summarize, the charts show that there has been some variation in the economic performance and structure of individual counties since 1965. They also illustrate that the choice of a beginning and ending year for comparison is important for evaluating the overall economic record of an area. Although over the long run the record has been one of moderate growth, a few exceptional years in the 1970s made the 1980s appear to lag. It is important to remember that because of their relatively small income base, the economies of Nebraska counties are vulnerable to periods of rapid growth or decline.

JEROME A. DEICHERT









BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member: Association for University Business & Economic Research

May 1986 Vol. 41 No. 500

UNIVERSITY OF NEBRASKA-LINCOLN
Martin A. Massengale, Chancellor
COLLEGE OF BUSINESS ADMINISTRATION
Gary Schwendiman, Dean

BUREAU OF BUSINESS RESEARCH
Donald E. Pursell, Director
Charles L. Baird, Research Associate
Jerome A. Deichert, Research Associate
Douglas D. Love, Research Associate
Margo Young, Editorial Assistant

Material herein may be reproduced with proper credit. Address correspondence regarding

The University of Nebraska-Lincoln does not discriminate in its academic, admission, or employment programs and abides by all federal regulations pertaining to same.

Non-Profit
Organization
U. S. POSTAGE
PAID
Lincoln, Nebr.
Permit No. 46

CONGRESSIONAL INFO SERVIC270238
SRI BR
4520 EAST-WEST HWY
BETHESDA, MD 20814